

To: Renewable Advisory Board

From: Janice McClanaghan,  
Energy Office

Date: February 4, 2004

Subject: Update

The following is the February 2004 monthly update for the Renewable Energy Fund:

Supply Programs

- 1) Energetech: Meetings have been held with Senator Reed, Congressman Langevin, and Senator Chafee's staff to persuade the congressional delegation to create a line item in the Federal appropriations bill of \$1.8 to \$2.5 million for the wave energy demonstration project. The delegation has concerns that the project is not far enough along for appropriations this year; however, if the project does not make it into appropriations this year, money will not be available in mid-2005 when the project is expected to be permitted and ready for construction. An additional concern of the delegation is the Federal budget deficit and the overall availability of funding. We will continue to have conversations with the delegation to convince them the project should be on the "wish list" which is put together in March, even if it is pulled later when the appropriations bill is in committee (May-June).
- 2) URI Wind Project- Students, Nancy Selman and Erich Stephens from PP&L met with Bay Campus Facility Director Jeff Callahan to discuss proposed project size and location. Callahan has asked that the students prepare a presentation for the Bay Campus facilities staff and faculty detailing the proposed project. From there, an internal assessment of the siting issues (including opposition from local constituents), operations, and economics will be made. The project, if accepted by the University, would most likely be constructed in 2005. Currently, a 250 kW turbine is being proposed due to visual considerations as well as the amount of load that can be displaced without physically combining meters (each Bay Campus building is separately metered, except the Horn and Pell buildings which are metered together and are the largest account on the Campus, and hence the target for the wind power) or wheeling power to other locations. Erich Stephens would like to explore other options for installing a larger turbine and wheeling power, and is drafting a letter to Narragansett to open that discussion. The discussion of a larger unit will not hold up the analysis of the 250 kW unit.
- 3) Johnson and Wales University Wind Project. – Kevin Shulte from SED has started working on each of the siting and permitting issues identified in the scope of work for his proposal for development activity for JWU. The issue of crossing a public roadway, Harborside Blvd., from the turbine site with a feed to the main campus has been identified as the key issue to overcome; discussions have been opened with Narragansett. The utility has asked that a project description be provided for internal use in evaluating the project. JWU and SED have provided the project description and are now waiting for a response or further discussion with the utility.
- 4) Solar on Schools – Chris Warfel is working on the installer RFP and the Monitoring RFP is under legal review.

- 5) Supply RFP – The supply RFP currently provides a production incentive for renewable energy produced in RI or other parts of the region for use as a green power product in RI. The only viable proposal received for the Supply RFP was from PP&L (in 2003), and the proposal requested that the Fund purchase RECs from the Berkshire wind project for a period of 5 years and resell them to PP&L at a discount. Partly due to the emergence of REC purchases and sales as a critical enabler in the renewable energy market, the RFP has been re-evaluated by a subcommittee, and the following changes are being recommended:
  - a) Funding from the Supply program will be available to generation projects located in RI only;
  - b) The production incentive will continue to be the suggested form of incentive structure; however, other funding structures will be considered by the Fund. Other incentive structures will be evaluated case by case, based on pro forma financial analysis provided by the respondent. In this way, project development funding and funding for demonstration projects like the Energetech Point Judith wave project can be considered under the Supply program. If the Fund decided to fund fuel cells, that could be done through the Supply program as well. Regardless of the incentive structure being proposed, the respondent will be required to submit proforma financial analysis
  - c) The RFP requirements for RECS generated by funded projects would be that the respondent must show a good-faith effort to sell in state by offering letter to all RI green power marketers (via contact info posted on Fund's web site). The Fund would provide a contract template for REC transactions to assist project owner is selling RECs.
  - d) The current remaining funding for the Supply program (\$600,000) would be combined with the C&I Wind program (\$450,000).
- 6) PV RFP – The RFP was circulated. Responses are due April 21, 2004. Two additional rounds of the RFP are scheduled as well (and outlined within the RFP which is now out on the street), with proposals due August 15, 2004 and December 15, 2004.

#### Customer Demand Programs

- 7) Renewable Energy Customer Aggregation (RECA) RFP and Proposal to Large Customer Program - Think Energy received six quality proposals last week in response to the RFP for green power issued in December 2003 on behalf of five RECA aggregation (large RI electricity users) members. The proposals have been distributed to RECA members and Think is in the process of reviewing them. In addition Think Energy submitted a proposal to the Fund under the Large Customer program for incentive payments to the RECA group for the anticipated purchases as a result of the RFP process. A subcommittee is evaluating a counterproposal to RECA and Think which will be discussed at the February meeting.

#### Outreach

- 8) Smartpower – Smartpower has started outreach activities in RI in anticipation of the April GreenUp ballot mailing. These activities include:
  - a) Completion of a benchmark survey of consumer attitudes.
  - b) Creating ads and messaging for RI (subcontracted to Creativenergy).
  - c) Beginning outreach to collaborative environmental (such as Clean Water Action) and religious groups.
  - d) Booking billboard and radio advertising space/time.

### Administration

- 9) Confidentiality – A confidentiality agreement is attached. If you have not done so already, please print out, sign and send to Janice/bring to the meeting in order that we might continue the review of Sterling Planet's proposal.